



**Written Testimony**

**Connecticut Society of Certified Public Accountants  
("CSCPA")**

**Raised Bill ("RB") No. 6349  
An Act Concerning the Sales Tax on Services**

**Raised Bill ("RB") No. 6350  
An Act Eliminating Exemptions from the Sales and Use Tax and Lowering the Rate of Such Tax**

**Raised Bill ("RB") No. 808  
An Act Increasing Fees and Fines**

**Respectfully Submitted By:  
Arthur Renner, CSCPA Executive Director  
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**Imposing Sales and Use Taxes on Professional Services (Accounting Services)**

These bills would impose a sales and use tax on "professional services", (presumably including accounting services such as bookkeeping, auditing, tax preparation, and consulting) provided by Certified Public Accountants ("CPA") and other professionals, when the benefit is derived in the State of Connecticut.

**The CSCPA opposes RB No. 6349 and RB No. 6350 due to the following:**

- Connecticut would be one of only a minority of states that impose a sales and use tax on accounting services. The states that impose taxes on accounting and other professional services have tax structures that are far different from Connecticut. None of our neighboring states impose a tax on such services.
- The imposition of sales tax on accounting services would place businesses located in Connecticut at a significant competitive disadvantage as well as provide a disincentive to locate a business in this state by immediately increasing the cost of an essential business service.
- The services provided by accountants are often not discretionary. Various regulatory agencies require businesses to obtain accounting services such as financial statement audits and due diligence reviews as well as tax services. By being only one of a handful of states that tax such services, Connecticut has directly increased the cost of doing business in the state.

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- Small and mid-sized businesses rely extensively on accounting services provide by external accountants because they cannot afford to directly employ professionals to do the work in-house. These services include bookkeeping, all types of tax return preparation and consulting, financial statement compilation, reviews and audits, and cost accounting efforts. Adding to the cost of these services would harm these small and mid-size businesses (and their individual owners) in Connecticut during an already economically challenging and uncertain time.
- This increase in cost would also impact large Connecticut headquartered/based companies (both public and non-public companies) because the cost of mandatory accounting and tax services such as financial statement audits, tax preparation/consulting and, with respect to public companies, SEC filing services would increase. These companies would be put at a competitive disadvantage by incurring a cost that their competitors in virtually every other state, including all of our neighboring states, do not have to pay. Additionally, taxing accounting and tax services provides a significant cost disincentive for large companies to locate or relocate within Connecticut and maintain major centers of operation within the state.

### **Increasing the CPA License Fee**

This bill would increase the CPA license fee by 25 percent, from \$450 to \$562.50 (a \$112.50 increase).

**The CSCPA opposes the fee increase in RB No. 808 due to the following:**

- Before the proposed increase, Connecticut already has the highest CPA license fee in the country. The next highest fee is \$270 in the State of Texas. The license fee in Connecticut exceeds the national average of \$ 86 by 523 percent
- This fee level makes it more difficult to attract and retain licensed CPAs in the state who provide an essential service to Connecticut businesses.